

IN THE UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

Alexandria Division

UNITED STATES OF AMERICA)	
)	
v.)	CRIMINAL NO. 1:05CR37
)	
MARY JO KARCZEWSKI,)	
)	
Defendant.)	

STATEMENT OF FACTS

The United States and the defendant, Mary Jo Karczewski agree that, had this matter proceeded to trial, the United States would have proven the following facts beyond a reasonable doubt:

1. During November 1997 through June 2001, defendant Mary Jo Karczewski, age 41, was a resident of Dumfries, Virginia.

2. From in or about November 1997, up to and including June 2001, in the Eastern District of Virginia and elsewhere, defendant Mary Jo Karczewski, and others, knowingly and willfully and unlawfully combined, conspired, confederated, and agreed with each other to commit an offense against the United States of America, namely, to devise and intend to devise a scheme and artifice to defraud and to obtain money by means of false and fraudulent pretenses, representations and promises in violation of Title 18, United States Code, Section 1341.

The Scheme and Artifice to Defraud

3. It was a part of the conspiracy that defendant Mary Jo Karczewski, and the conspirators, would prepare, or cause the preparation of, false loan applications and documents to support loan applications. The false supporting documents would include pay stubs, residential lease agreements, purchase agreements, lease or rent payment checks, payoff letters, employment verifications, verifications of rent or mortgage accounts, Forms W-2, income tax returns and appraisals.

4. It was a further part of the conspiracy that defendant Mary Jo Karczewski, and the conspirators, would backdate and forge supporting documents.

5. It was a further part of the conspiracy that defendant Mary Jo Karczewski, and the conspirators, would submit the false loan applications and supporting documents to financial institutions.

The Execution of the Scheme to Defraud

96 Poindexter Drive

6. In or about February 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a false "Agreement for Lease Purchase Option" for property located at 96 Poindexter Drive, Bumpass, Virginia, which was dated January 9, 1997. The agreement contained the forged signature of an individual with the initials "D.G." listed as the seller and a false sales price

of \$599,500. The agreement was submitted to NCS Secondary Marketing, Norcross, Georgia.

7. In or about February 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a fraudulent official bank check, payable to Laurel Properties, representing that Milton R. McCormick had made a down payment of \$119,900 on the 96 Poindexter Drive property on January 9, 1997. The check was submitted to NCS Secondary Marketing, Norcross, Georgia.

8. In or about April 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a letter with the forged signature of Doris Gryder stating that the payoff for 96 Poindexter Drive was \$389,500. The letter was submitted to NCS Secondary Marketing, Norcross, Georgia.

9. In or about April 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a series of checks falsely representing that Milton R. McCormick made payments for 96 Poindexter Drive of \$2,800 a month for the period of January 1998 through March 1999. The checks, made payable to Laurel Properties, were submitted to NCS Secondary Marketing, Norcross, Georgia.

10. In or about March 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a false appraisal for 96 Poindexter Drive reporting the value of the property as \$608,000.

The appraisal was submitted to NCS Secondary Marketing, Norcross, Georgia.

11. On or about April 26, 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a false loan application to "refinance" property located at 96 Poindexter Drive. The loan application falsely states that Milton R. McCormick acquired the property in 1997 at a cost of \$599,500. The loan application falsely states that Milton R. McCormick's monthly income is \$20,833. The loan application was submitted to NCS Secondary Marketing, Norcross, Georgia.

12. On or about May 4, 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a false loan application to "refinance" property located at 96 Poindexter Drive. The loan application falsely states that Milton R. McCormick's monthly income is \$36,192. The loan application was mailed to NCS Secondary Marketing, Norcross, Georgia.

13. On or about May 4, 1999, NCS Mortgages Services, LLC, relying on the false statements of defendant Mary Jo Karczewski and others, made a loan in the name of Milton R. McCormick in the amount of \$486,400. Milton R. McCormick received borrower cash proceeds in the amount of \$81,531 as a result of the "refinancing."

14. In or about September 1999, Milton R. McCormick

defaulted on the loan and the foreclosure resulted in a loss of \$201,431 to Fairbanks Capital Corporation.

North 33rd Street Properties

15. On or about October 12, 1998, defendant Mary Jo Karczewski caused the preparation of a Residential Purchase Agreement for 1101, 1103, 1105, 1107, and 1109 North 33rd Street in Richmond, Virginia (33rd Street properties) with a purchase price of \$324,750.

16. In or about January 1999, defendant Mary Jo Karczewski caused the preparation of a purchase agreement for the 33rd Street properties. The purchase agreement is dated March 5, 1996, and contains the forged signature of an individual with the initials "D.F." as seller. The purchase agreement was submitted to PCFS in Atlanta, Georgia.

17. In or about January 1999, defendant Mary Jo Karczewski caused the preparation of a series of checks falsely representing that Milton R. McCormick made monthly payments of \$1,250 for the 33rd Street properties for the period of November 1997 through December 1998. The checks, made payable to Dolores Frazer, were submitted to PCFS in Atlanta, Georgia.

18. In or about January 1999, defendant Mary Jo Karczewski caused the preparation of false appraisals for the 33rd Street properties reporting the market value of each of the properties

as \$171,000. The appraisals were submitted to PCFS in Atlanta, Georgia.

19. In or about January, 1999, defendant Mary Jo Karczewski caused the preparation of false Forms W-2 stating that Milton R. McCormick had wages of \$79,200 for 1996, \$82,646 for 1997, and \$89,324 for 1998. The Forms W-2 were submitted to PCFS in Atlanta, Georgia.

20. In or about January 1999, defendant Mary Jo Karczewski caused the preparation of false Requests for Verification of Employment stating that Milton R. McCormick had base pay of \$79,200 for 1996, \$82,646 for 1997, and \$89,324 for 1998. The Requests for Verification of Employment were submitted to PCFS in Atlanta, Georgia.

21. In or about January 1999, defendant Mary Jo Karczewski caused the submission of a payoff letter for the 33rd Street properties with the forged signature of Dolores Frazer. The payoff letter was submitted to PCFS.

22. On or about March 10, 1999, defendant Mary Jo Karczewski caused the preparation of a false loan application to "refinance" the 33rd Street properties. The loan application falsely states that defendant Milton R. McCormick's monthly income is \$10,341. The loan applications were mailed to PCFS in Atlanta, Georgia.

23. On or about March 10, 1999, PCFS, relying on the false statements of defendant Mary Jo Karczewski, and others, made loans in the name of Milton R. McCormick in the amount of \$642,000. Milton R. McCormick received borrower cash proceeds in excess of \$261,000 as a result of the "refinancing."

24. In or about September 1999, Milton R. McCormick defaulted on the loan and the foreclosure resulted in a loss of \$719,310.

2404 West Main Street

25. It was part of the scheme that in or about March 1999, Cornell L. Urquhart caused C Group Properties I, LLC to purchase property located at 2404 West Main Street, Richmond, Virginia ("2404 Main Street Property"), for \$47,500.

26. It was further part of the scheme that in or about May 28, 1999, defendant Mary Jo Karczewski prepared, and caused the preparation of, a false loan application to purchase the 2404 West Main Street property. The loan application falsely stated that Cornell L. Urquhart's monthly income was \$12,667. The loan application was mailed from the Eastern District of Virginia to PCFS Financial Services, Inc. in Cincinnati, Ohio.

27. It was further part of the scheme that on or about May 28, 1999, Cornell L. Urquhart caused C Group Properties I, LLC to sell the 2404 West Main Street property to Cornell L. Urquhart

for \$355,000. Urquhart failed to disclose that he owned and controlled C Group Properties I, LLC.

28. It was a part of the scheme that on or about May 28, 1999, PCFS, relying on the false statements of defendant Mary Jo Karczewski, and others, made a loan in the name of Cornell L. Urquhart in the total amount of \$301,750. Cornell L. Urquhart received cash proceeds in excess of \$281,000 as a result of the "sale" from C Group to Urquhart.

10713 Woodland Drive

29. In or about February 1998, defendant Mary Jo Karczewski prepared, or caused the preparation of, an Installment Land Contract for the purchase of 10713 Woodland drive, Fredericksburg, Virginia ("Woodland Drive property") with a purchase price of \$127,000. The contract contained a forged signature and was backdated to indicate that defendant Karczewski had entered the contract on September 1, 1983.

30. In or about February 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a series of checks falsely representing that she made monthly payments of \$970 for the Woodland Drive property for the period of February 1998 through January 1999. The checks, made payable to an individual with the initials "D. M.," were submitted to EquiCredit Corp.

31. In or about February 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a false appraisal for the

Woodland Drive property reporting a market value of the property as \$288,000. The appraisal was submitted to EquiCredit Corp.

32. In or about January 1999, defendant Mary Jo Karczewski submitted, or caused the submission of, a payoff letter falsely stating that she owed \$69,153 to an individual with the initials "NLB." The payoff letter was submitted to EquiCredit.

33. In or about February 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a false Promissory Note with the date of October 1, 1994, stating that she promised to pay \$72,000 to an individual with the initials "NLB." The promissory note was submitted to EquiCredit.

34. On or about February 22, 1999, EquiCredit, relying on the false statements of defendant Mary Jo Karczewski, and others, made a loan in the name of Mary Jo Karczewski in the amount of \$200,000.

35. On or about February 22, 1999, defendant Mary Jo Karczewski prepared, or caused the preparation of, a false settlement statement (Form HUD-1) stating that an individual with the initials "NB" was paid \$69,153 from the loan proceeds.

36. In or about September 2001, defendant Mary Jo Karczewski defaulted on the loan and the foreclosure resulted in a loss of \$69,807 to Fairbanks capital Corporation.

37. During the period November 1997 through September 2001 Mary Jo Karczewski prepared, or caused the preparation of false

loan applications and other materials resulting in a loss to financial institutions in the amount of \$3,135,396.

Bank Fraud

38. From in or about February 1999, up to and including in or about November 2003, in the Eastern District of Virginia and elsewhere, defendant Mary Jo Karczewski and others, knowingly and willfully executed and attempted to execute a scheme and artifice to defraud Provident Consumer Financial Services, Inc., ("PCFS") whose accounts were insured by the Federal Deposit Insurance Corporation, to obtain moneys, funds, credits, assets, securities, or other property under the custody and control of Provident Financial Consumer Services, Inc., by means of materially false or fraudulent pretenses, representations, and promises in violation of Title 18, United States Code, Section 1344.

39. In or about April 12, 2001, defendant Mary Jo Karczewski prepared, or caused the preparation of, a false appraisal for property located at 717 Clay Street, Lynchburg, Virginia ("Clay Street property"), reporting the market value of the property as \$170,000. The appraisal was submitted to PCFS in Cincinnati, Ohio.

40. In or about May, 2001, defendant Mary Jo Karczewski prepared, or caused the preparation of, false Forms W-2 stating that she received wages and other compensation of \$74,362 in

1999, and \$76,030 in 2000 from N.M. Leasing LLC. The Forms W-2 were submitted to PCFS in Cincinnati, Ohio.

41. In or about May 24, 2001, defendant Mary Jo Karczewski prepared, or caused the preparation of, false Requests for Verification of Employment stating that she had base pay of \$74,362 for 1999, and \$76,031 for 2000 from N.M. Leasing, LLC.

42. On or about June 4, 2001, in the Eastern District of Virginia, defendant Mary Jo Karczewski prepared, or caused the preparation of, a false loan application to "refinance" the Clay Street property. The loan application falsely states that defendant Mary Jo Karczewski's monthly income from N.M. Leasing is \$6,054, and that she acquired the property in 1998 at a cost of \$142,000. The loan application was mailed to PCFS in Cincinnati, Ohio.

43. On or about June 4, 2001, PCFS, relying on the false statements of defendant Mary Jo Karczewski, and others, made a loan in the name of Mary Jo Karczewski in the amount of \$127,500.

44. In or about March 2003, defendant Mary Jo Karczewski defaulted on the loan and the foreclosure resulted in a loss of \$147,544.

45. The actions of defendant Mary Jo Karczewski, as recounted above, were in all respects intentional and deliberate, reflecting an intention to do something the law forbids, and were

not in any way the product of any accident or mistake of law or fact.

46. The foregoing statement of facts is a summary of the principal facts that constitute the legal elements of the offense of conspiracy to commit mail fraud in violation of Title 18, United States Code, Section 371 and the offense of bank fraud in violation of Title 18, United States Code, Section 1344. This summary does not include all of the evidence that the government would present at trial or all of the relevant conduct that would be used to determine the defendant's sentence under the Sentencing Guidelines and Policy Statements.

Respectfully submitted,

PAUL J. McNULTY
UNITED STATES ATTORNEY

Dana J. Boente
Assistant United States Attorney

47. After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to

trial, the United States would have proved the same beyond a reasonable doubt.

Date:_____

Mary Jo Karczewski
Defendant

48. I am Mary Jo Karczewski's attorney. I have carefully reviewed the above Statement of Facts with her. To my knowledge, her decision to stipulate to these facts is an informed and voluntary one.

Date:_____

Timothy J. McEvoy
Counsel for Defendant